

United States Bankruptcy Court Southern District of New York					Voluntary Petition					
Name of Debtor (if individual, enter Last, First, Middle): <b>Daffy's, Inc.</b>					Name of Joint Debtor (Spouse) (Last, First, Middle): <b>N/A</b>					
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): <b>Daffy's, Inc. and Affiliate; Daffy Dan's Bargaintown; Daffy's Corporation</b>					All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names): <b>N/A</b>					
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN)/Complete EIN (if more than one, state all): <b>22-1671723</b>					Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN)/Complete EIN (if more than one, state all): <b>N/A</b>					
Street Address of Debtor (No. and Street, City, and State): <b>One Daffy's Way, Secaucus, New Jersey</b>					Street Address of Joint Debtor (No. and Street, City, and State): <b>N/A</b>					
ZIP CODE <b>07094</b>					ZIP CODE <b>N/A</b>					
County of Residence or of the Principal Place of Business: <b>Hudson County, New Jersey</b>					County of Residence or of the Principal Place of Business: <b>N/A</b>					
Mailing Address of Debtor (if different from street address): <b>N/A</b>					Mailing Address of Joint Debtor (if different from street address): <b>N/A</b>					
ZIP CODE <b>N/A</b>					ZIP CODE <b>N/A</b>					
Location of Principal Assets of Business Debtor (if different from street address above): <b>1311 Broadway, New York, New York</b>										
ZIP CODE <b>10001</b>										
<b>Type of Debtor</b> (Form of Organization) (Check <b>one</b> box.)  <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.) _____			<b>Nature of Business</b> (Check <b>one</b> box.)  <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other			<b>Chapter of Bankruptcy Code Under Which the Petition is Filed</b> (Check <b>one</b> box)  <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Chapter 7  <input type="checkbox"/> Chapter 9  <input checked="" type="checkbox"/> Chapter 11  <input type="checkbox"/> Chapter 12  <input type="checkbox"/> Chapter 13               </div> <div> <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding  <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding               </div> </div>				
<b>Chapter 15 Debtors</b> Country of debtor's center of main interests: _____  Each country in which a foreign proceeding by, regarding, or against debtor is pending: _____			<b>Tax-Exempt Entity</b> (Check box, if applicable)  <input type="checkbox"/> Debtor is a tax-exempt organization under title 26 of the United States Code (the Internal Revenue Code).			<b>Nature of Debts</b> (Check <b>one</b> box.)  <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose."               </div> <div> <input checked="" type="checkbox"/> Debts are primarily business debts.               </div> </div>				
<b>Filing Fee</b> (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.					<b>Chapter 11 Debtors</b> <b>Check one box:</b> <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input checked="" type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). <b>Check if:</b> <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 ( <i>amount subject to adjustment on 4/01/13 and every three years thereafter</i> ). ----- <b>Check all applicable boxes:</b> <input checked="" type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).					
<b>Statistical/Administrative Information</b> <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.										<b>THIS SPACE IS FOR COURT USE ONLY</b>
<b>Estimated Number of Creditors</b> <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> 1-49           <input type="checkbox"/> 50-99           <input type="checkbox"/> 100-199           <input type="checkbox"/> 200-999           <input type="checkbox"/> 1000-5000           <input checked="" type="checkbox"/> 5,001-10,000           <input type="checkbox"/> 10,001-25,000           <input type="checkbox"/> 25,001-50,000           <input type="checkbox"/> 50,001-100,000           <input type="checkbox"/> Over 100,000         </div>										
<b>Estimated Assets</b> <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> \$0 to \$50,000           <input type="checkbox"/> \$50,001 to \$100,000           <input type="checkbox"/> \$100,001 to \$500,000           <input type="checkbox"/> \$500,001 to \$1 million           <input type="checkbox"/> \$1,000,001 to \$10 million           <input type="checkbox"/> \$10,000,001 to \$50 million           <input checked="" type="checkbox"/> \$50,000,001 to \$100 million           <input type="checkbox"/> \$100,000,001 to \$500 million           <input type="checkbox"/> \$500,000,001 to \$1 billion           <input type="checkbox"/> More than \$1 billion         </div>										
<b>Estimated Liabilities</b> <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> \$0 to \$50,000           <input type="checkbox"/> \$50,001 to \$100,000           <input type="checkbox"/> \$100,001 to \$500,000           <input type="checkbox"/> \$500,001 to \$1 million           <input type="checkbox"/> \$1,000,001 to \$10 million           <input checked="" type="checkbox"/> \$10,000,001 to \$50 million           <input type="checkbox"/> \$50,000,001 to \$100 million           <input type="checkbox"/> \$100,000,001 to \$500 million           <input type="checkbox"/> \$500,000,001 to \$1 billion           <input type="checkbox"/> More than \$1 billion         </div>										

B1 (Official Form 1) (12/11)

Page 2

<b>Voluntary Petition</b> <i>(This page must be completed and filed in every case)</i>		Name of Debtor(s): <b>Daffy's, Inc.</b>	
All Prior Bankruptcy Case Filed Within Last 8 Years (If more than two, attach additional sheet)			
Location Where Filed: <b>None</b>		Case Number: <b>N/A</b>	Date Filed: <b>N/A</b>
Pending Bankruptcy Case Filed by any Spouse, Partner or Affiliate of this Debtor (If more than one, attach additional sheet)			
Name of Debtor: <b>N/A</b>		Case Number: <b>N/A</b>	Date Filed: <b>N/A</b>
District: <b>N/A</b>		Relationship: <b>N/A</b>	Judge: <b>N/A</b>
<div style="text-align: center; font-weight: bold;">Exhibit A</div> <p>(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)</p> <p><input type="checkbox"/> Exhibit A is attached and made a part of this petition.</p>		<div style="text-align: center; font-weight: bold;">Exhibit B</div> <p>(To be completed if debtor is an individual whose debts are primarily consumer debts)</p> <p>I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by § 342(b).</p> <p>X _____          Signature of Attorney for Debtor(s) (Date)</p>	
Exhibit C			
Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?			
<input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition.			
<input checked="" type="checkbox"/> No.			
Exhibit D			
(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)			
<input type="checkbox"/> Exhibit D, completed and signed by the debtor, is attached and made a part of this petition.			
If this is a joint petition:			
<input type="checkbox"/> Exhibit D, also completed and signed by the joint debtor, is attached and made a part of this petition.			
Information Regarding the Debtor Venue			
(Check any applicable box)			
<input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.			
<input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.			
<input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.			
Certification by a Debtor Who Resides as a Tenant of Residential Property			
(Check all applicable boxes)			
<input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)			
_____ (Name of landlord than obtained judgment)			
_____ (Address of landlord)			
<input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and			
<input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.			
<input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(1)).			

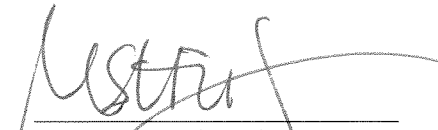
<b>Voluntary Petition</b> (This page must be completed and filed in every case)	Name of Debtor(s): <b>Daffy's, Inc.</b>
<b>Signatures</b>	
<b>Signature(s) of Debtor(s) (Individual/Joint)</b>  I declare under penalty of perjury that the information provided in this petition is true and correct.  [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.  [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).  I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.  X _____ Signature of Debtor  X _____ Signature of Joint Debtor  _____ Telephone Number (If not represented by attorney)  _____ Date	<b>Signature of a Foreign Representative</b>  I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.  (Check only <b>one</b> box.)  <input type="checkbox"/> I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.  <input type="checkbox"/> Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.  X _____ (Signature of Foreign Representative)  _____ (Printed Name of Foreign Representative)  _____ Date
<b>Signature of Attorney*</b>  X <u>/s/ Debra Dandeneau</u> Signature of Attorney for Debtor(s)  <u>Debra A. Dandeneau</u> Printed Name of Attorney for Debtor(s)  <u>Weil, Gotshal &amp; Manges LLP</u> Firm Name  <u>767 Fifth Avenue</u>  <u>New York, NY 10153</u> Address  _____  <u>(212) 310-8000</u> Telephone Number  <u>August 1, 2012</u> Date  <small>* In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.</small>	<b>Signature of Non-Attorney Bankruptcy Petition Preparer</b>  I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.  _____ Printed Name and title, if any, of Bankruptcy Petition Preparer  _____ Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social-Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)  _____ Address  _____  X _____ Signature  _____ Date  Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social-Security number is provided above.  Name and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.  If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.  <i>A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.</i>
<b>Signature of Debtor (Corporation/Partnership)</b>  I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.  The debtor requests the relief in accordance with the chapter of title 11, United States Code, specified in this petition.  X <u>/s/ Marcia Wilson</u> Signature of Authorized Individual  <u>Marcia Wilson</u> Printed Name of Authorized Individual  <u>President &amp; CEO</u> Title of Authorized Individual  <u>August 1, 2012</u> Date	

OFFICER'S CERTIFICATE  
  
OF  
  
DAFFY'S, INC.  
ONE DAFFY'S WAY  
SECAUCUS, NEW JERSEY 07094

July 30, 2012

The undersigned, being a duly authorized executive officer of Daffy's, Inc., a New Jersey corporation ("Daffy's"), hereby certifies that attached hereto as Exhibit A is a true and complete copy of the recitals and resolutions unanimously adopted by the members of the Board of Directors (the "Board") of Daffy's, at a telephonic meeting of the Board held on July 12, 2012.

IN WITNESS WHEREOF, the undersigned has hereunto signed her name as of  
the date first written above.

  
Name: Marcia Wilson  
Title: President and CEO

## **EXHIBIT A**

### **Filing of Bankruptcy Petition**

WHEREAS, the Board of the Company has determined that it is desirable and in the best interests of the Company, its creditors, employees, and other interested parties to file a petition seeking relief under the provisions of chapter 11 of the Bankruptcy Code; now therefore be it

RESOLVED, that the President and C.E.O., Vice President and Secretary, and members of the Board of Directors of the Company, and any other person designated and so authorized to act on behalf of the Company by the aforementioned officers (each, an “**Authorized Person**”), be and each hereby is, authorized, empowered, and directed, in the name and on behalf of the Company, to execute and verify the petition under chapter 11 thereby commencing the Chapter 11 Case and to cause the same to be filed in the Bankruptcy Court at such time as the Authorized Person executing the petition shall determine; and further

RESOLVED, that any Authorized Person be, and hereby is, authorized, empowered, and directed to: (i) execute and file the petition, all schedules, motions, lists, applications, pleadings, and other papers and, in connection therewith, to employ and retain assistance by legal counsel, accountants, and other professionals, (ii) negotiate, execute, and deliver a debtor in possession loan facility and (iii) perform any and all further acts and deeds that such Authorized Persons deem necessary, proper, or desirable in connection with the Chapter 11 Case, with a view to the successful prosecution of such case.

### **Appointment of Professionals**

RESOLVED, that the law firm of Weil, Gotshal & Manges LLP be, and hereby is, engaged as attorneys for the Company under a general retainer in the Chapter 11 Case, subject to the approval of the Bankruptcy Court; and further

RESOLVED, that the firm of Marvin Traub Associates, and the individuals, Geoffrey Lurie and Sid Taubman, be, and hereby are, engaged as bankruptcy consultants for the Company under a general retainer in the Chapter 11 Case, subject to the approval of the Bankruptcy Court; and further

RESOLVED, that Donlin, Recano & Company, Inc. be, and hereby is, engaged as claims and noticing agent for the Company under a general retainer in the Chapter 11 Case, subject to the approval of the Bankruptcy Court; and further

RESOLVED, that the Company is authorized to engage as a liquidation specialist in the Chapter 11 Case such entity as shall be determined by the President and CEO of the Company.

**Asset Purchase, Assignment and Support Agreement**

RESOLVED, that in connection with the Chapter 11 Case, the Board authorizes and approves the execution, delivery, and performance of the Asset Purchase, Assignment and Support Agreement, substantially on the terms of the draft Asset Purchase, Assignment and Support Agreement which has been provided to the Board and with such changes thereto as Authorized Persons executing the same shall approve, such approval to be conclusively evidenced by such Authorized Person's signature thereon, and any other agreements, consents, certificates, amendments, assignments, and instruments in connection therewith (together with the Asset Purchase, Assignment and Support Agreement, the "***Purchase Documents***"), as such Authorized Person determines to be necessary, appropriate, proper or desirable to effectuate the transactions contemplated by the Purchase Documents and in the interest of the Company in connection with the Chapter 11 Case; and further

RESOLVED that any Authorized Person be, and hereby is, authorized and empowered to negotiate, execute, deliver, and perform or cause the performance of the Purchase Documents, as such Authorized Person determines necessary, appropriate, proper, or desirable to effectuate the transactions contemplated by the Purchase Documents and other arrangements necessary, appropriate, proper, or desirable in the interest of the Company in connection with the Chapter 11 Case such determination to be conclusively evidenced by the performance of such acts, the taking of any action or the execution and delivery of any such document with such Authorized Person's signature thereon.

**Agency Agreement**

RESOLVED, that in connection with the Chapter 11 Case, the Board authorizes and approves the negotiation, execution, delivery and performance of the Agency Agreement, substantially on the terms of the draft Agency Agreement which has been provided to the Board and with such changes as the Authorized Person executing the same shall approve, such approval to be conclusively evidenced by such Authorized Person's signature thereon, and any other agreements, consents, certificates, amendments, assignments, and instruments in connection therewith (together with the Agency Agreement, the "***Agency Documents***") as such Authorized Person determines to be necessary, appropriate, proper or desirable to effectuate the liquidation of the Company's inventory, and certain furniture, fixtures and equipment contemplated by the Agency Documents and in the interest of the Company in connection with the Chapter 11 Case; and further

RESOLVED, that any Authorized Person be, and hereby is, authorized and empowered to negotiate, execute, deliver and perform or cause the performance of the Agency Documents, as such Authorized Person considers necessary, appropriate, proper or desirable to effectuate the transactions contemplated by the Agency Documents and other arrangements necessary, appropriate, proper or desirable in the interest of the Company in connection with the Chapter 11 Case such determination to be conclusively

evidenced by the performance of such acts, the taking of any action or the execution and delivery of any such document with such Authorized Person's signature thereon.

### **DIP Financing**

RESOLVED, that in connection with the Chapter 11 case, (a) the Board authorizes and approves (i) the execution, delivery and performance of a Credit Agreement, substantially on the terms of the draft credit agreement which has been provided to the Board, with such changes as the Authorized Person executing the same shall approve, such approval to be conclusively evidenced by such Authorized Person's signature thereon, and any security agreements, guarantee agreements, other agreements, notes, consents, certificates, amendments, assignments and instruments in connection therewith (the "***Credit Documents***" and together with the Credit Agreement, the "***Financing Documents***"), (ii) the granting of a security interest in any assets of each Company as collateral and/or the guaranty of the obligations of the debtors under the Credit Agreement, and (iii) any transactions effected or to be effected pursuant to the terms and provisions of the Financing Documents, and (b) any Authorized Person be, and hereby is, authorized and empowered, in the name and on behalf of each Company, to negotiate, execute, deliver, and perform or cause the performance of the Financing Documents, as such Authorized Person executing the same considers necessary, appropriate, proper, or desirable to effectuate the transactions contemplated by the Financing Documents and other financing arrangements necessary, appropriate, proper, or desirable in the interest of each Company in connection with the Chapter 11 Case, such determination to be conclusively evidenced by such execution or taking of such action.

### **General Authorization; Additional Resolutions**

RESOLVED, that consistent with the foregoing resolutions, each Authorized Person is hereby authorized, directed, and empowered, on behalf of and in the name of the Company, to: (i) cause the Company to enter into, execute, deliver, certify, file, and perform all other agreements, instruments, motions, affidavits, certificates, or other documents as such Authorized Person deems necessary, (ii) incur and pay or cause to be paid all fees, expenses, and taxes, including without limitation, legal fees and expenses, (iii) engage such persons as Authorized Person shall in his or her other judgment determine to be necessary, appropriate or desirable, and (iv) do any and all other acts and things as such Authorized Person deems necessary, appropriate or desirable to carry out fully the intent and purposes of the foregoing resolutions and each of the transactions contemplated thereby; and further

RESOLVED, that any and all past actions heretofore taken by an Authorized Person or the directors of the Board in the name and on behalf of the Company in furtherance of any or all of the preceding resolutions be, and hereby are, ratified, confirmed, and approved.



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
<i>In re</i>	:	<b>Chapter 11</b>
	:	
<b>DAFFY’S, INC.,</b>	:	<b>Case No. 12-_____ (___)</b>
	:	
<b>Debtor.</b>	:	
-----X	:	

**CORPORATE OWNERSHIP STATEMENT**

Pursuant to Rules 1007(a) and 7007.1 of the Federal Rules of Bankruptcy Procedure and Rule 1007-3 of the Local Bankruptcy Rules for the Southern District of New York and to enable the Judges to evaluate possible disqualifications or recusals, on behalf of Daffy’s, Inc. (the “*Debtor*”), the undersigned authorized officer certifies the following:

**A. Ownership of the Debtor’s Equity Interests**

1. Marcia Wilson owns 81.2% of the interests in Daffy’s, Inc.
2. The Wilson 2003 Family Trust owns .8% of the interests in Daffy’s, Inc.
3. The 1997 Damon Wilson Trust owns 4.5% of the interests in Daffy’s, Inc.
4. The 1997 Evan Wilson Trust owns 4.5% of the interests in Daffy’s, Inc.
5. The 1997 Gabriel Wilson Trust owns 4.5% of the interests in Daffy’s, Inc.
6. The 1997 Joshua Wilson Trust owns 4.5% of the interests in Daffy’s, Inc.

**B. The Debtor's Ownership of Equity Securities, Partnership Interests, and Joint Venture Interest**

7. The Debtor owns no equity securities, partnership interests, or joint venture interests.

Dated: August 1, 2012

/s/ Richard F. Kramer

By: Richard F. Kramer

Title: Vice President of Finance and Secretary  
Daffy's, Inc.

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
	:	
<i>In re</i>	:	<b>Chapter 11</b>
	:	
<b>DAFFY'S, INC.,</b>	:	<b>Case No. 12-_____ ( )</b>
	:	
<b>Debtor.</b>	:	
-----X	:	

**LIST OF CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS**

The following is a list of creditors holding the 30 largest unsecured claims against the above-captioned debtor (the “*Debtor*”). This list has been prepared from the unaudited books and records of the Debtor and reflects amounts as of July 31, 2012. The list has been prepared in accordance with Fed. R. Bankr. P. 1007(d) and does not include (a) persons who fall within the definition of “insider” set forth in 11 U.S.C. § 101(31) or (b) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 30 largest unsecured claims. The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtor. Moreover, nothing herein shall affect the Debtor’s right to challenge the amount or characterization of any claim at a later date.

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
CHRIS FRIEDLANDER  21 Pondfield Pkwy Mt Vernon, NY 10552		Trade debt	Unliquidated	\$612,993.11
DEVITO VERDI  100 5th Ave., 16th fl. New York, NY 10011	Attn: Alix Colas  Tel: (212) 431-4694 Fax: (212) 431-4940 Email: acolas@devitoverdi.com	Trade debt		\$352,739.00
FALC USA INC.  21 Industrial Park Ave. Westmoreland, NH 03467	Attn: Tracy Williams  Tel: (603) 352-9161 Fax: (603) 352-9162 Email: tracy@falcusa.com	Trade debt		\$271,574.50

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
PEERLESS CLOTHING INTERNATIONAL INC.  200 Industrial Park Rd. St. Albans, VT 05478	Attn: Rose Miniaci  Tel: (514) 593-9300 Fax: (514) 723-7877 Email: rosem@peerless-clothing.com	Trade debt		\$267,753.55
LATICO LEATHERS  321 Palmer Road Denville, NJ 07834  Capital Business Credit LLC 1700 Broadway New York, NY 10019	Attn: Kevin Cahill  Tel: (973) 442-9622 Fax: (973) 442-3073 Email: kevin@laticoleathers.com  Dave Conley Tel: (212) 887-7932 Tel: (212)-887-7968 Email: dconley@capitalbusinesscredit.com	Trade debt		\$238,863.00
BABAKUL  2100 Abbot Kinney Blvd., Unit D Venice, CA 90291  FTC Commercial Corp. 1525 South Broadway Los Angeles, CA 90015	Attn: Sophie Wizman  Tel: (310) 578-5600 Fax: (310) 578-5699 Email: sophie@babakul.com  Israel Rodriguez Tel: (213) 745-8888 ext. 278 E-mail: Francisco@ftccc.net	Trade debt		\$176,307.10
TIMBERLAND LLC  P.O. Box 92550 Chicago, IL 60675	Attn: Pam Holmes  Tel: (603) 772-9500 Email: pholmes@timberland.com	Trade debt		\$154,645.50
EL INTERNATIONAL USA INC.  DBA E-Land Kids 33 West 33rd St. New York, NY 10001	Attn: Finn Charles Worth  Tel: (212) 868-5933 Fax: (212) 868-5936 Email: finncharlesworth@elandkids.com	Trade debt		\$123,014.50

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
INTERNATIONAL INTIMATES INC.  180 Madison Ave. Suite 700 New York, NY 10016	Attn: Iris Margulies  Tel: (212) 213-4848 Fax: (212) 213-4120 Email: irism@renerofe.com	Trade debt		\$103,715.79
NY ACCESSORY GROUP LLC  NY Accessory Grp., LLC 450 Shrewsbury Plaza #39 Shrewsbury, NJ 07702  Rosenthal & Rosenthal Inc. 1370 Broadway New York, NY 10018	Attn: Marc Siruya  Tel: (212) 288-4111 Fax: (212) 288-4116 Email: marc@nyaccessorygroup.com  Pat Sicardi Tel: (212) 356-1480 Fax: (212) 356-0900 Email: psicardi@rosenthalinc.com	Trade debt		\$93,840.50
SWEET ROMEO  231 W. 39th St. Rm. #208 New York, NY 10018  C.I.T. Group/Commercial Services 11 W. 42nd St., 11th fl. New York, NY 10036	Attn: Richard Gabor  Tel: (203) 246-7429 Email: richardgabor@hotmail.com  Jonathan Yoelson Tel: (212) 461-5434 Email: jonathan.yoelson@cit.com	Trade debt		\$91,973.50
WESTPORT CORPORATION  331 Changebridge Rd. P.O. Box 2002 Pine Brook, NJ 07058	Attn: Mike Rahim  Tel: (973) 575-0110 Fax: (973) 575-9108 Email: mrahim@mundiwestport.com	Trade debt		\$86,814.40

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
HARBOR FOOTWEAR  55 Harbor Park Rd. Port Washington, NY 11050  C.I.T. Group/Commercial Services 11 W. 42nd St., 11th fl. New York, NY 10036	Attn: Glenda Cohen  Tel: (516) 621-8400 Fax: (516) 621-4957 Email: glenda.cohen@harborftw.com  Jonathan Yoelson Tel: (212) 461-5434 Email: jonathan.yoelson@cit.com	Trade debt		\$86,105.00
COLLECTION 18  385 5th Ave. New York, NY 10016	Attn: Venta McCalla  Tel: (212) 686-8990 Email: vmccalla@collectionxiix.com	Trade debt		\$80,977.50
DELTA GALIL USA  P.O. Box 798133 St. Louis, MO 63179	Attn: Scott Wolffe  Tel: (646) 943-5625 Fax: (570) 336-5821 Email: scott.wolffe@us.deltagalil.com	Trade debt		\$80,836.00
ROMEO & JULIET  499 7th Ave., 2nd fl. North Tower New York, NY 10018  Rosenthal & Rosenthal Inc. 1370 Broadway New York, NY 10018	Attn: Mohamed Azwan  Tel: (212) 279-5566 Fax: (212) 279-5586 Email: aazhar@studionazarinc.com  Pat Sicardi Tel: (212) 356-1480 Fax: (212) 356-0900 Email: psicardi@rosenthalinc.com	Trade debt		\$78,791.25
THE ECHO DESIGN GROUP, INC.  Line 1: 75 Oxford Drive Line 2: 806 Tyvola Road, Ste. 108 Moonachie, NJ 07074	Attn: Cheryl Glaeser  Tel: (201) 994-0444 Fax: (201) 994-0445 Email: cgaeser@echodesign.com	Trade debt		\$78,717.45

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
<p>ANNALEE &amp; HOPE</p> <p>1400 Broadway New York, NY 10018</p> <p>C.I.T. Group/Commercial Services 11 W. 42nd St., 11th fl. New York, NY 10036</p>	<p>Attn: Ursiline Walker</p> <p>Tel: (212) 869-3300 Email: ursiline@jumpapparel.com</p> <p>Jonathan Yoelson Tel: (212) 461-5434 Email: jonathan.yoelson@cit.com</p>	Trade debt		\$77,259.00
<p>KAKTUS SPORTSWEAR INC.</p> <p>390 Starke Rd. Carlstadt, NJ 07072</p> <p>C.I.T. Group/Commercial Services 11 W. 42nd St., 11th fl. New York, NY 10036</p>	<p>Attn: Madhavi Jalu</p> <p>Tel: (201) 372-0004 Fax: (201) 372-0008 Email: madhavi@kaktussportswear.com</p> <p>Jonathan Yoelson Tel: (212) 461-5434 Email: jonathan.yoelson@cit.com</p>	Trade debt		\$76,576.00
<p>THE ISABELLA CO. (NEW YORK), INC.</p> <p>205 W. 39th St., 17th fl. New York, NY 10018</p>	<p>Attn: Jenny Debran</p> <p>Tel: (212) 302-2055 Email: jenny@isabella.com</p>	Trade debt		\$76,089.00
<p>MADDEN MENS</p> <p>52-16 Barnett Ave. Long Island City, NY 11104</p> <p>Rosenthal &amp; Rosenthal Inc. 1370 Broadway New York, NY 10018</p>	<p>Attn: Sunita Melaram</p> <p>Tel: (718) 446-1800 Fax: (718) 446-5747 Email: sunitamelaram@stevemadden.com</p> <p>Pat Sicardi Tel: (212) 356-1480 Fax: (212) 356-0900 Email: psicardi@rosenthalinc.com</p>	Trade debt		\$71,774.75

<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
PORTOLANO PRODUCTS INC.  15 W. 37th Street New York, NY 10018	Attn: Vincent Troia  Tel: (212) 719-4403 Fax: (212) 302-6135 Email: vincent@portolano.com	Trade debt		\$70,358.00
DREAMWEAR INC.  Dreamwear, Inc. 183 Madison Ave., 10th fl. New York, NY 10016  Wells Fargo Trade Capital Services, Inc. 100 Park Ave., 3rd fl. New York, NY 10017	Attn: Jorge Guaman  Tel: (212) 684-7799 Fax: (212) 684-9699 Email: iguaman@dreamwear.com  Roy Gringhaus Tel: (212) 703-3575 Email: roygringhaus@wellsfargo.com	Trade debt		\$69,148.50
2B RYCH  1411 Broadway, 24th fl. New York, NY 10018	Attn: Cecilia Liang  Tel: (212) 944-7924 Fax: (212) 478-4302 Email: cliang@alfreddunner.net	Trade debt		\$60,010.00
NAUTICA MENS SLEEPWEAR  Nautica Mens 40 West 57th St. New York, NY 10019	Attn: Tammy Hunt  Tel: (212) 841-7212 Email: tammyhunt@vfc.com	Trade debt		\$57,568.40
THREE HANDS CORPORATION  13259 Ralston Ave. Sylmar, CA 91342	Attn: Nancy Dekonski  Tel: (800) 443-5443 Fax: (818) 833-1212 Email: nancyn@threehands.com	Trade debt		\$57,287.10
OAKHURST PARTNERS LLC  148 Madison Ave., 13th fl. New York, NY 10016	Attn: Debbie Lerno  Tel: (212) 502-3220 Email: debbie@amiciltd.com	Trade debt		\$56,801.00



<i>Name of creditor and complete mailing address, including zip code</i>	<i>Name, telephone number, and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Estimated amount of claim (if secured, also state value of security)</i>
DERKON LEATHER FASHION  Vatan Cad. No. 2 Ortadogu Merkezi Kat:6 34403 Caglayan- Istanbul, Turkey	Attn: David Behmuaras  Tel: 90.216.680 47 01 Fax: 90.216.680 47 06 Email: dbehmuaras@derkon.com	Trade debt		\$55,290.00
MARC FISHER LLC  777 West Putnam Ave. Greenwich, CT 06830  Milberg Factors 99 Park Ave. New York, NY 10016	Attn: Madara Kaimina  Tel: (203) 302-2800 Email: madara.kaimina@fisherfootwear.com  Chris Chassis Tel: (646) 717-9260 Email: cchasse@milfac.com	Trade debt		\$55,441.00
TACHING INC.  108 Pierson Ave. Edison, NJ 8837	Attn: JP or Chief Legal Officer or Other Officer  Tel: (732) 603-7877 Fax: (732) 603-7961 Email: jashoda@tachinginc.com	Trade debt		\$54,285.90

**DECLARATION CONCERNING LIST OF  
CREDITORS HOLDING 30 LARGEST UNSECURED CLAIMS**

I, the undersigned authorized officer of the debtor in this case, declare under penalty of perjury that I have reviewed the foregoing List of Creditors Holding 30 Largest Unsecured Claims and that the list is true and correct to the best of my information and belief.

Dated: August 1, 2012

/s/ Richard F. Kramer

By: Richard F. Kramer

Title: Vice President of Finance and Secretary  
Daffy's, Inc.